

City of San José

Coyote Valley Specific Plan

Summary of Task Force Meeting

April 24, 2006

200 E. Santa Clara Street, Rooms W118-120

Task Force Members Present

Co-chair Councilmember Forrest Williams, co-chair Councilmember Nancy Pyle, Supervisor Don Gage, Chuck Butters, Eric Carruthers, Helen Chapman, Russ Danielson, Gladwyn D'Souza, Craig Edgerton, Melissa Hippard, Doreen Morgan, and Ken Saso.

Task Force Members Absent

Pat Dando, Phaedra Ellis-Lamkins, Steve Schott, Jr., Steve Speno, and Dan Hancock.

Technical Advisory Committee (TAC) Members Present

David Bischoff (Consultant for City of Morgan Hill), Dawn Cameron (County Roads), Mike Griffis (County Roads), Tedd Faraone (Coyote Valley Alliance for Smart Planning), Sarah Muller (Working Partnerships), Stephanie Schaaf (EHC LifeBuilders), Shanna Boigon (SCCAOR), Dennis Martin (HBANC), Pat Sausedo (NAIOP), Tim Steele (Sobrato), and Kerry Williams (Coyote Housing Group).

City and Other Public Agencies Staff Present

Frances Grammer (Council District 2), Lee Wilcox (Council District 10), Rachael Gibson (Office of Supervisor Don Gage), Joseph Horwedel (PBCE), Laurel Prevetti (PBCE), Sal Yakubu (PBCE), Mike Mena (PBCE), Sylvia Do (PBCE), Perihan Ozdemir (PBCE), Regina Mancera (PBCE), Larry Lisenbee (CMO), Hans Larsen (DOT), Anita Phagan (Library), Chief Jeff Clet (Fire), Deputy Chief Kenneth Ferguson (Police), and Lieutenant Gary Kirby (Police).

Consultants Present

Doug Dahlin (Dahlin Group), Roger Shanks (Dahlin Group), Jim Musbach (EPS), Teifion Rice-Evans (EPS), Jungjoo Pak (EPS), Bill Wagner (HMH Engineers), and Eileen Goodwin (Apex Strategies).

Community Members Present

Robert Airolid, Mike Biggar, Michael Bini, Roger Costa, Consuelo Crosby, Jo Crosby, Robert Eltgroth, Ricardo Garcia, Janet Hebert, Paul Hebert, Dave Higgins, James Hill, Virginia Holtz, Jack Hsu, Matt King, Jack Kuzia, Pat Kuzia, Fred Lester, Rick Linquist, Chris Marchese, Peter Mandel, Tim Muller, Jack Nadean, Sargent Arturo Proctor, George Reilly, Candy Richter, Peter Rothchild, Steve Ross, Art Sanchez, Annie Saso, Pete Silva, Jennifer Simmons, Sharon Simonson, Sheila Sanchez, Lowell Tan, Nancy Teater, George Thomas, and Shellé Thomas.

1. Welcome

The meeting convened at 5:33 p.m. with co-chair Councilmember Forrest Williams welcoming everyone to the 43rd Coyote Valley Specific Plan (CVSP) Task Force meeting.

Councilmember Williams welcomed Melissa Hippard as a new member of the CVSP Task Force. The City Council appointed Melissa to fill Terry Watt's vacancy. Melissa is the director of the Sierra Club Loma Prieta Chapter.

Melissa thanked the City Council and the Task Force co-chairs for their support. She indicated that Council made a strong, positive statement by keeping the seat open for an environmental stakeholder.

2. Acceptance of March 27, 2006 Task Force Meeting Summary

Co-chair Councilmember Nancy Pyle called for a motion to accept the March 27, 2006 Task Force meeting summary. The motion passed unanimously.

3. Acceptance of March 30, 2006 Community Meeting Summary

Councilmember Pyle called for a motion to accept the March 30, 2006 community meeting summary. The motion passed unanimously.

4. Overview of Fiscal Impact Studies

Laurel Prevetti, deputy director of the Planning, Building and Code Enforcement Department, explained that the purpose of tonight's Task Force discussion is to understand the cost and revenue assumptions of the CVSP Fiscal Impact Report. The Task Force will not need to make any decisions regarding the fiscal impact studies tonight.

The Task Force will continue to discuss the draft Fiscal Impact Report at the May 8th Task Force meeting. Affordable housing will be discussed at the May 22nd Task Force meeting. The draft Specific Plan document will be discussed at a Task Force meeting in June. The draft Fiscal Impact Report will also be discussed at the April 28th City Council Study Session.

Laurel introduced Jim Musbach, Teifion Rice-Evans, and Jungjoo Pak of Economic and Planning Systems (EPS), the CVSP economic consultants.

- a) Jim Musbach, with EPS, clarified that the fiscal impact analysis entailed on-going operation and maintenance costs only, not capital costs. In his presentation, Jim explained the key components of General Fund revenues and expenditures, the purpose of the fiscal impact study, the fiscal dynamics of new development, and the overall approach and methodology to the study. He also discussed five of the phasing scenarios being considered by the task force – strict concurrency, phased concurrency, the existing General Plan trigger, placemaking, and employment jumpstart.

The Task Force provided the following questions and comments (Please note that comments are shown first, followed by responses in italics):

- Jim indicated that capital costs would be addressed in a separate fiscal report. Does this mean that the fiscal analysis is not related to capital costs? *The fiscal analysis is linked with capital costs. However, the draft Fiscal Impact Report addresses the operational and maintenance component of the fiscal study. A separate report will discuss capital financing and the cost of construction.*
- The draft Fiscal Impact Report does not mention medical facilities. *Construction of medical facilities are capital costs. The draft Fiscal Impact Report addresses operational and maintenance costs only.*
- Clarify fiscal “mitigation measures.” *Fiscal mitigation measures address how to mitigate fiscal deficits. Potential fiscal mitigation measures include landscape and lighting districts, other maintenance districts, Mello-Roos, homeowner association fees, and developer endowments.*
- One of Council's directions is that the CVSP would not have a negative fiscal impact to the city. Although the CVSP will generate General Fund revenue in the long-term, it will have expenditures in the short-term. What does “at no cost to the city” mean? Over what period of time? *Councilmember Williams explained that the CVSP must be fiscally self-sufficient. Council did not specify a particular time period for CVSP self-sufficiency. The Task Force will make Council recommendation as to how the CVSP can be fiscally self-sufficient.*

- Initial discussion indicated that the CVSP would have a 30-year build-out. The draft Fiscal Impact Report assumed build-out up to 58 years. This is a long time for a return on investment. *Depending on the phasing scenario, the CVSP could generate General Fund revenue within 10-20 years of development.*
 - Why do the different phasing scenarios yield different fiscal surpluses? *Jim and Teifion will address this issue later in the presentation.*
- b) Teifion Rice-Evans, with EPS, presented information regarding the service delivery models and cost assumptions. The overall cost assumptions include a historical growth rate in costs and service levels at or above current citywide averages. The cost assumptions do not assume private funding. Teifion discussed General Fund expenditures for the city's general government; Fire Department; Police Department; General Services Department; Transportation Department (DOT); Library Department; Parks, Recreation and Neighborhood Services (PRNS) Department; Planning, Building and Code Enforcement Department; maintenance costs for Coyote Valley's 53-acre focal lake; and other General Fund expenditures.

The Task Force provided the following questions and comments:

- In the trigger scenario, does this mean that parks will not be developed until year 10? *Park development is tied with residential development. Under the trigger scenario, 5,000 jobs must be created before residential development can occur. This study assumes that residential development will not occur until after year 5.*
 - After year 20, why does the Fire Department only have a modest increase in General Fund expenditures? The expenditures of other General Fund items double or triple over time. *Under the trigger scenario, two fire stations will be built early on since a lot of residential development has occurred by year 30. After year 30, the expenditures flatten out and increase with inflation.*
 - Has not seen anything in the draft Fiscal Impact Report indicating that Coyote Valley is a walkable community. Would like to see a breakdown of the costs for trails, transit, parking structures, etc. *The tables in the report have been simplified. EPS can break the numbers down to include more details. Transit is not included in this report since it is assumed that it will be privately financed from an operational standpoint. Transit and parking structures are capital costs.*
 - Would like to see a summary of the number of commercial and residential units forecasted over the 58-year build-out for each phasing scenario. *See Table 6 of the draft Fiscal Impact Report.*
 - What time period was the average level of service based on? *The report refers to the current LOS.*
- c) Teifion presented information regarding the revenue assumptions. The overall assumptions include a long-term historical growth rate in residential property value, no real growth for non-residential properties, and no real growth for income or energy. The

study also includes working assumptions for CVSP affordable housing, which consists of 1,000 for-sale units and 4,000 tax-exempt rental units. Teifion discussed the revenue assumptions for property tax, sales tax, other taxes and fees, and other General Fund revenues. He also reviewed the General Fund revenues over a 58-year Coyote Valley build-out period based on the existing General Plan trigger scenario.

The Task Force provided the following questions and comments:

- How much household income would be spent on housing? *The average household would spend 33 percent of its gross income on housing.*
- Housing prices are affected by interest rates. What time period was used to determine the average interest rate? *The average interest rate was derived over a 30-year period.*
- Concurs with the assumption that each employee would spend \$5,100 per year on taxable goods near work. This is why it is important to get people to live where they work and to work where they live.
- Traffic fines, parking impact zones, lease parking authority, and congestion management fees are significant revenue sources. These revenue sources are not included in the draft Fiscal Impact Report. *These revenue sources are included in the “fines, forfeitures, and penalties” category.*
- In regards to the General Fund Revenues Over Time~Trigger Scenario Table in the PowerPoint presentation: Are the figures constant with 2006 dollars and unadjusted for inflation? *These figures are constant 2006 dollars adjusted for real inflation. Real inflation is not assumed for items such as commercial uses.*
- In regards to the General Fund Revenues Over Time~Trigger Scenario Table: Recommended breaking the transportation revenues into 10-year segments. By year 20, \$5 million would be spent during the first two segments instead of \$7 million with the existing scenario. We can create a walkable community by controlling how much money is spent.
- The report uses the city’s current utility rate averages. Coyote Valley will be a green, environmentally conscious community, and would have utility rates lower than city averages.
- How will green building standards have an impact? It is important to understand that this is an investment.
- The report assumes that energy costs will remain constant. Recommends looking at what if energy costs, particularly oil, were to increase significantly.
- Understands that assumptions need to be made, but does not see the value of assumptions made out to 58 years. Recommends that the Council base a majority of their decision-making on the fiscal data of the first 20 years or earlier.
- It is hard to predict the future, but we have to do our best to make reasonable assumptions for the future. Fiscal issues will be reviewed and adjusted each year as we go along. We have a fairly solid view of property taxes based on past trends.

- d) Jim provided a summary of the Fiscal Impact Report. Although a fiscal deficit is expected in the early years of Coyote Valley development, the CVSP will generate a fiscal surplus of \$57-\$68 million by build-out. Potential fiscal mitigation measures include landscape and lighting districts, other maintenance districts, Mello-Roos community facilities districts (CFDs), homeowner association fees, and developer endowments. Based on the trigger scenario, Jim discussed the General Fund fiscal balance over time.

The Task Force provided the following questions and comments:

- How will city services be impacted by Coyote Valley in combination with the city's other large developments? Recommends that the report consider how projects such as the Evergreen/East Hills Vision Strategy and Vision North San Jose will impact urban services. *Jim stated that this report specifically looks at Coyote Valley. Laurel explained that in order to meet San Jose's projected job and housing growth demand as projected by the Association of Bay Area Governments (ABAG), the city needs to accommodate this growth by providing a variety of development opportunities. Staff is working with the city's administration to determine what the citywide fiscal analysis would look like.*
- The city's current commercial vacancy rate is 25 percent. How does this vacancy rate affect Coyote Valley? *About a year and a half ago, EPS did a market study that made a forecast of what the absorption rate would be for different types of uses in the plan. At that time, there was about 60 million square feet of vacant space in Santa Clara County. The plan goes out as long as it does because the forecast for commercial uses is rather slow. More commercial growth is anticipated, but the report is being conservative.*
- We are creating a community that is unique, special, and different, and it is costly. Need to have flexibility and adjustability. Glad to hear that there are ways to mitigate the costs. Coyote Valley has been annexed to the city since 1958. This is not something new. Rather, this is something that should have been looked at 20-30 years ago. Other development projects in the city did not have to go through the same obstacles as Coyote Valley. Now is the time for Coyote Valley.

- e) The public provided the following questions and comments:

- Nancy Teater, representing the Santa Clara Valley Audubon Society on behalf of Executive Director Brenda Torres, indicated that she visited North Coyote Valley yesterday and it was a beautiful seasonal wetland. The Audubon Society recommended that there be no growth in Coyote Valley. Having said that, they commended the Task Force for doing responsible citywide planning to minimize sprawl and fragmentation, and to give wildlife a chance in Coyote Valley. The Audubon Society is concerned about the intense pressure for housing development without jobs and the impact to city services. The Audubon Society urged the Task Force to recommend the trigger scenario to the Council.
- Jo Crosby, a South Coyote Valley Greenbelt property owner, was concerned about how transportation and utilities will be financed. He has not heard about how bigger

sewer lines will be built throughout the city to accommodate Coyote Valley residents. Water lines will also need to be built through San Jose to distribute water to Coyote Valley. Need to address how sewage, water, roads, and electricity will be financed. By the end of the 30-year build-out, infrastructure will be worn and need replacement.

- Consuelo Crosby, a South Coyote Valley Greenbelt property owner, asked how the plan could develop for 30-50 years without generating revenue. The fiscal Impact Report did not mention the Greenbelt. She asked how the Greenbelt could be secured without making plans for how to finance it. Consuelo has been attending CVSP meetings for five years and has been requesting that the meetings address the Greenbelt. She would like her concerns to be addressed.
- Shellé Thomas indicated that the plan had an initial assumption of 25,000 residential units and a population of 80,000. Tonight's report assumed 26,500 residential units and a 71,600 population. She asked why these figures are fluctuating. Shellé asked what the actual purchasing costs are for the residential units. She also asked whether a separate study could look at not co-locating parks with school sites.
- Bob Eltgroth, with the Silicon Valley Bicycle Coalition, stated that transit, trails, and the Fisher Creek realignment are vital parts of the plan. Tonight's discussion indicated that transit would not be financed by the city. Staff was unclear whether trails would be funded by DOT or the PRNS Department. The report does not include assumptions about the number of trails. It is important to determine which entities are responsible for trails. Bicycle parking facilities are also not mentioned in the report. Bicycle parking facilities are currently overseen by DOT. On-going maintenance is needed for these parking facilities. Fisher Creek maintenance also is not mentioned in the report. Bob asked which city department would be responsible for maintaining Fisher Creek.
- Jack Nadeau indicated that he is a native of San Jose. His dad is also a native of San Jose. The world has a population problem. We need to think about the future of San Jose by limiting growth. This is the opportunity to create a large city park in South San Jose. He envisions a park similar to San Francisco's Golden Gate Park. We need to think about the future, not the financial bottom line. Jack would like to see a plan that includes more parkland than the currently proposed 322 acres.

f) The Task Force provided additional comments:

- Thought that the city had an average of 3.1 persons per household. 26,500 units multiplied by 3.1 persons per household is not equivalent to a 71,600 population. *The report assumed that different residential typologies generated different household sizes. Single-family residential units generate a higher number of persons per household than higher density products.*

5. Public Comments

None received.

6. Adjourn

Councilmember Williams adjourned the meeting at 7:17 p.m. The next Task Force meeting will take place on May 8, 2006.

\\Pbce005\coyotevalley_specificplan\CVSP Mtgs_TASKFORCE\Meeting
Summary\TF_44_05.08.06\TaskForce_Meeting_#44_4.24.06_Task_Force_Meeting.doc